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SIPDIS

SARAJEVO FOR D STAFF AND EUR DAS JONES

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TAGS: [PGOV](#) [PREL](#) [EUN](#) [HR](#) [SI](#)

SUBJECT: SLOVENIA-CROATIA: PM PAHOR FRUSTRATED BY FAILED
TALKS IN ZAGREB, SAYS TIME RUNNING OUT

REF: LJUBLJANA 312

Classified By: CDA Brad Freden, E.O. 12958, reasons 1.4(b) and (d)

11. (C) Summary. MFA Director General for European Affairs and Bilateral Relations Iztok Mirosic told Charge October 9 that this week's bilateral talks in Zagreb on an arbitration agreement to resolve the Slovenia-Croatia border dispute have failed. Croatia has crossed two Slovenian redlines by insisting on incorporating "no prejudice" language into the agreement's text and by insisting that language be changed to specify that the arbitration agreement would not go into force until after Croatia joined the European Union. Both demands reflect a change in the Croatian position from the October 2 meeting in Brussels, according to Mirosic. Prime Minister Pahor's foreign policy advisor told us the PM planned to reflect on the situation before possibly announcing a breakdown of talks. Charge urged Mirosic and the PM's office to carefully consider the situation before reacting and stressed the importance of giving the process more time. We are confident that cooler heads will prevail in the short term, but Pahor's publicly-announced trip to Zagreb on October 23 is seen by the PM as a hard deadline for agreement, if only because Pahor will look foolish in the eyes of the Slovenian public if he travels to Zagreb without an agreement or if he is forced to cancel the trip for lack of one. In a separate meeting, European Parliament Member Milan Zver, a close confidant of opposition leader Janez Jansa, told Charge that Jansa generally agrees Croatia should join the EU, his attacks on the government's handling of negotiations notwithstanding. End summary.

12. (C) Charge and Pol-Econ Chief met with Ministry of Foreign Affairs Director General for European Affairs and Bilateral Political Relations Iztok Mirosic -- the equivalent of our P -- on October 9 to ask for further clarification on the status of the October 8 talks in Zagreb on the Slovenia-Croatia border dispute arbitration agreement. The Prime Minister's Foreign Policy Advisor, Marko Makovec, informed Charge the evening before that talks with Croatia broke down due to disagreements on language in articles 3 and 7 of the arbitration agreement. Makovec explained that Croatia had crossed two Slovenian redlines by insisting on incorporating "no prejudice" language into the Rehn II text and by insisting that language be changed in Article 7 to specify that the arbitration agreement would not go into force until after Croatia joined the European Union. As a result of the continued impasse and failure to secure a signature, Makovec said Prime Minister Pahor would reflect on the situation for 48 hours before publicly announcing a breakdown of talks and canceling his upcoming trip to Zagreb. Charge urged Makovec not to react too hastily.

13. (C) Mirosic explained to Charge that the Slovenian side was very surprised by Croatia's demands, as Ljubljana believed an agreement had been reached on October 2 in

Brussels where both the Slovenes and Swedish FM Bildt made it very clear that no changes would be made to the text. The only remaining open item was Article 7. Mirosic called the new Croat demands a "non-starter." Even if the Government of Slovenia was to sign the modified agreement, it would never pass a two-thirds majority in Parliament. Mirosic characterized the talks in Zagreb as "eight hours of non-productive discussions." PM Pahor was especially irritated by Zagreb's insistence on language which in essence called for the arbitration panel to start its work only after Croatia joined the EU.

14. (C) Charge urged Ljubljana to "reflect before reacting" and conveyed Washington's view that the 48 hour deadline was artificial and should be dropped. Mirosic acknowledged this, but noted that Croatian Prime Minister Kosor also needed to take responsibility for the agreement by addressing domestic political concerns, as PM Pohor was already walking a tight rope in Ljubljana. He suggested Zagreb could issue a unilateral statement or go to the Swedes in their role as EU President to secure the required statement of non-prejudice. Mirosic told Charge that Ljubljana has not given up on the talks, but stressed that both sides were now at a crucial junction. Foreign Minister Zbogar may approach Secretary Clinton during the upcoming signing of the Turkey-Armenia normalization agreement to discuss these developments. As far as next steps are concerned and how the possible failure of talks might affect progress on the opening of additional chapters in Croatia's EU accession negotiations, Mirosic told Charge that Slovenia would not block, but would closely scrutinize additional chapters as "problems are always found." Chapter 31, which deals with good neighborly

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relations (sic) will particularly be a sticking point, and is unlikely to be closed absent an agreement. Mirosic also reiterated that the Slovenian parliament would not ratify Croatia's EU accession if the border dispute is not on its way to resolution.

15. (SBU) Earlier the same day, Charge and Pol-Econ Chief met with European Parliament Member Milan Zver, one of opposition leader and Slovenian Democratic Party (SDS) President Janez Jansa's closest confidants. Discussions covered a variety of foreign policy subjects, but focused primarily on the arbitration agreement. Charge conveyed Washington's concern over Jansa's recent public statements and stressed the importance to the region of both sides coming to a timely agreement. Zver conceded that Jansa has made some politically controversial statements, but explained that Jansa agreed Croatia should join the European Union. Charge conveyed his concern that the current negotiations were a "last chance," and that if an agreement was not reached, it would be a very long time before the issue could be resolved. If this happens, the two countries will miss a historic opportunity. Zver agreed, and again implied that Jansa would not, in the end, stand in the way of an agreement. He likened the SDS President to a chess player who always thinks several steps ahead.

16. (C) Comment. The two sides appear to have now entered a crucial stage that will either make or break the talks. Prime Minister Pahor is unlikely to withdraw from the talks in 48 hours, but he will likely cancel his trip to Zagreb if an agreement is not reached within the next ten days. If the trip is canceled, Post believes the Prime Minister will face strong political pressure to pull the plug on further talks. We will continue to press Pahor to resolve the issue bilaterally and avoid setting deadlines, but we believe the Slovenians are serious about their redlines and will not be pressured into crossing them. We recommend Washington consult with the Swedish Presidency and urge them to put forth a compromise proposal that will break the current deadlock. We believe the Slovenian side could be persuaded to accept an assurance of "no prejudice," as long as it is not part of the text of the arbitration agreement. Regarding

Article 7, the Slovenians have already agreed -- despite strong opposition in Parliament -- to extend the deadline for awarding the decision from one year to three years. We detect little room for additional compromise in this regard.
End Comment.
FREDEN